

## Message Text

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PAGE 01 STATE 147565  
ORIGIN AF-10

INFO OCT-01 ISO-00 TRSE-00 EB-08 FRB-03 CIAE-00 INR-10  
NSAE-00 INRE-00 AID-05 /037 R

DRAFTED BY AF/E:KLWAUCHOPE:JJ  
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O 092301Z JUN 78  
FM SECSTATE WASHDC  
TO AMEMBASSY KHARTOUM IMMEDIATE

C O N F I D E N T I A L STATE 147565

E.O. 11652: GDS

TAGS: EFIN, SU

SUBJECT: THE SUDANESE BUDGET AND THE IMF AGREEMENT

REF: KHARTOUM 2569

1. DEPARTMENT HAS LEARNED FROM THE CITIBANK REP IN KHARTOUM, JACK SCHRIER, CURRENTLY VISITING THE U.S., THAT THE SUDANGOV HAS ANNOUNCED A 20 PERCENT DEVALUATION OF THEIR EFFECTIVE RATE AS OF JUNE 8. SCHRIER VIEWS THIS DEVALUATION AS A MAJOR STEP IN RESOLVING SUDANESE FINANCIAL PROBLEMS AND A MEASURE DIRECTLY LINKED TO AN IMF AGREEMENT. HE DID NOT BELIEVE THAT THIS DEVALUATION ALONE, HOWEVER, WOULD OPEN THE FLOODGATE ON INTERNATIONAL ASSISTANCE.

2. WE ARE SOMEWHAT PUZZLED BY THE PROCEDURE WHICH THE SUDANGOV IS EMPLOYING TO DETERMINE THE FUNDING LEVEL OF THE DEVELOPMENT PORTION OF THE FY-78/79 BUDGET. CLEARLY IF NIMEIRI HAD DESIRED TO PRESENT A UNIFIED DEVELOPMENT BUDGET HE WOULD HAVE RESOLVED THE MATTER OF COMPETING  
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MINFIN AND MINPLAN PROPOSALS WITHIN THE COUNCIL OF MINISTERS. BY LEAVING THE ISSUE TO BE DECIDED BY THE FORMERLY "RUBBER STAMP" PEOPLES ASSEMBLY, HE APPEARS TO BE USING A DISINGENUOUS, YET RISKY, PLOY OF OBTAINING

HIGHER LEVEL OF DEVELOPMENT EXPENDITURE THROUGH COMPROMISE IN THE ASSEMBLY WHILE APPEARING TO THE IMF

AS CHAMPION OF FISCAL RESTRAINT.

3. WE ARE ANXIOUS TO HAVE THE EMBASSY'S ANALYSIS AS  
TO WHY NIMEIRI DECIDED TO INITIATE THIS PROCEDURE OF  
PRESENTING TWO PROPOSALS FOR DEVELOPMENT EXPENDITURES.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** GOVERNMENT BUDGET, FINANCIAL REFORMS  
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**Decaption Date:** 01 jan 1960  
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**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
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**Disposition Reason:**  
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**Drafter:** KLWAUCHOPE:JJ  
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**Executive Order:** GS  
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**TAGS:** EFIN, SU, IMF  
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